

**CLARKSVILLE  
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2007

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CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September, 2006 Election)

Paul Leerhoff	President	2008
Kurt Wedeking	Vice President	2007
Chris Fenneman		2006
Joe Wedeking Jr.		2006
Joyce Freese		2007

(After September, 2006 Election)

Paul Leerhoff	President	2008
Kurt Wedeking	Vice President	2007
Chris Fenneman		2009
Sharon Markussen		2009
Joyce Freese		2007

School Officials

Robert Longmuir	Superintendent
Shellee Bartlett	District Secretary/ Treasurer

# BRUCE D. FRINK

## Certified Public Accountant

### Independent Auditor's Report

To the Board of Education of  
Clarksville Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clarksville Community School District, Gilmore City, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clarksville Community School District as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 23, 2008 on our consideration of Clarksville Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 32 through 33 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

#### Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

#### Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

#### Plus:

- Over 25 years of Expertise and Experience
- Evenings & Saturdays Available
- Extended Hours During Tax Season

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarksville Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Bruce D. Frink*

**BRUCE D. FRINK**  
**Certified Public Accountant**

January 23, 2008

## **CLARKSVILLE COMMUNITY SCHOOL DISTRICT**

### **Management's Discussion and Analysis**

Clarksville Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

The District is in its third year of implementing new reporting standards for each fiscal year. Because of the significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the District's financial position and results of operations.

#### **2007 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$2,830,485 in fiscal year 2006 to \$3,109,935 in fiscal year 2007, while General Fund expenditures increased from \$2,954,261 in fiscal year 2006 to \$3,041,382 in fiscal year 2007. The District's General Fund balance increased from \$26,724 in fiscal year 2006 to \$95,278 in fiscal year 2007.
- The District continued repayment of state aid funding as part of its 5-year workout plan for enrollment miscounts in the September 1999 and September 2000 Certified Enrollments. For fiscal year 2007, the amount of this repayment was \$28,570 which is the final payment.
- The District received \$201,092 in revenues from the School Infrastructure Local Options Sales Tax, a program approved by Butler County voters in February 2004. The District used \$164,000 of these funds to reduce property tax levies in the Debt Service Fund for the bond payment.
- The District's Certified Enrollment increased from 350.5 students in September 2005 to 359.8 students in September 2006.
- The number of students who open enrolled out of the District increased by 1 student in the September 2006 Certified Enrollment compared to the September 2005 Certified Enrollment while the number of students who open enrolled in to the District decreased by 3. Therefore, the difference between the open enrollment out and the open enrollment in grew by 5 students from 2005-2006 compared to 2006-2007. The net difference between the District's open enrollment in (positive financial impact) and its open enrollment out (negative financial impact) was a negative 15 students.
- To pay for the education of students placed in Juvenile Homes, the state deducted \$10,161 from the District's state aid.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Clarksville Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Clarksville Community School District operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Clarksville Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**

***Clarksville Community School District Annual Financial Report***

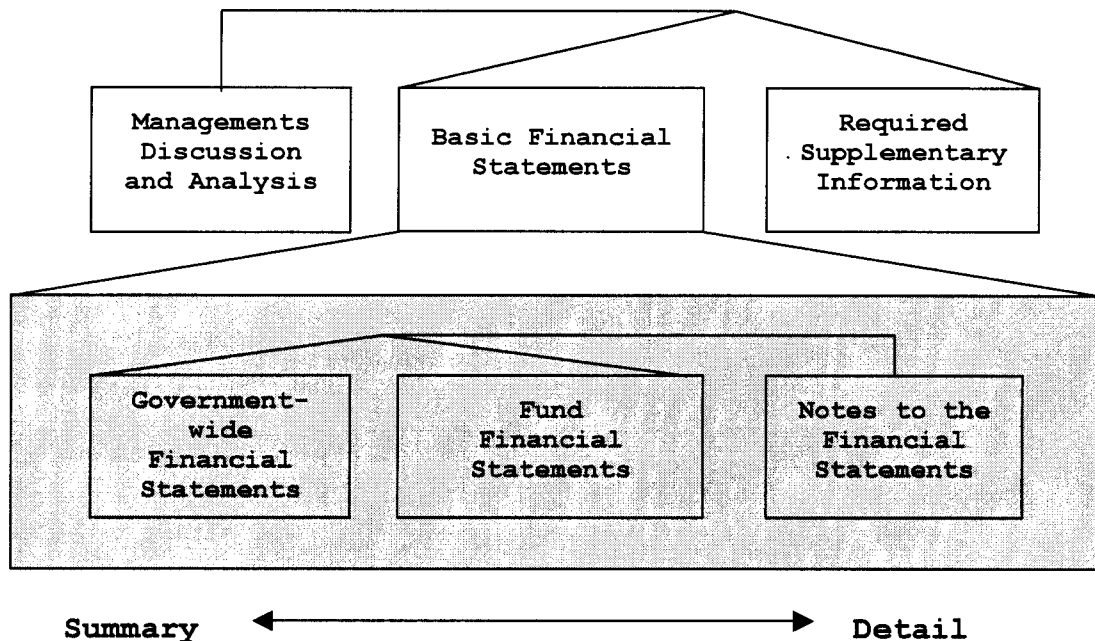


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses; food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long- term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how much cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds and the Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the Child Care Fund.

The required financial statements for proprietary funds include a Statement of Net Assets, a statement of revenues, expenses, changes in net assets and a Statement of cash flows.

- 3) Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2007 compared to June 30, 2006.

Figure A-3  
Condensed Statement of Net Assets  
(Expressed in Thousands)

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-07
	\$	\$	\$	\$	\$	\$	
Current assets	1,976	1,779	40	27	2,016	1,806	11.63%
Capital assets	1,979	2,024	17	4	1,996	2,028	-1.58%
<b>Total assets</b>	<u>3,955</u>	<u>3,803</u>	<u>57</u>	<u>31</u>	<u>4,012</u>	<u>3,834</u>	<u>4.64%</u>
Current liabilities	1,344	1,340	2	3	1,346	1,343	0.22%
Non-current liabilities	320	474	-	-	320	474	-32.49%
<b>Total liabilities</b>	<u>1,664</u>	<u>1,814</u>	<u>2</u>	<u>3</u>	<u>1,666</u>	<u>1,817</u>	<u>-8.31%</u>
Net Assets							
Invested in capital assets, net of related debt	1,659	1,550	17	4	1,676	1,554	7.85%
Restricted	376	272	-	-	376	272	38.24%
Unrestricted	256	167	38	24	294	191	53.93%
<b>Total net assets</b>	<u>2,291</u>	<u>1,989</u>	<u>55</u>	<u>28</u>	<u>2,346</u>	<u>2,017</u>	<u>16.31%</u>

Figure A-4 shows the changes in net assets for the year ended June 30, 2007 compared to the year ended June 30, 2006.

**Figure A-4**  
**Changes in Net Assets**  
**(Expressed in Thousands)**

	<b>Governmental Activities</b>		<b>Business type Activities</b>		<b>Total District</b>		<b>Total Change</b>
	<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2006-07</b>
	\$	\$	\$	\$	\$	\$	
<b>Revenues:</b>							
Program revenues:							
Charges for service and sales	106	142	91	88	197	230	-14.35%
Operating grants, contributions and restricted interest	552	530	100	84	652	614	6.19%
Capital grants, contributions and restricted interest	24	165	-	-	24	165	-85.45%
General revenues:							
Property tax	1,126	1,077	-	-	1,126	1,077	4.55%
Income surtax	191	164	-	-	191	164	16.46%
Local option sales tax	201	159	-	-	201	159	26.42%
Unrestricted state grants	1,423	1,288	-	-	1,423	1,288	10.48%
Unrestricted investment earnings	25	11	-	-	25	11	127.27%
Other	1	7	-	-	1	7	-85.71%
Total revenues	<u>3,649</u>	<u>3,543</u>	<u>191</u>	<u>172</u>	<u>3,840</u>	<u>3,715</u>	<u>3.36%</u>
Program expenses:							
Governmental activities:							
Instruction	2,370	2,294	-	-	2,370	2,294	3.31%
Support Services	705	740	-	-	705	740	-4.73%
Non-instructional programs	1	1	165	159	166	160	3.75%
Other expenses	271	290	-	-	271	290	-6.55%
Total expenses	<u>3,347</u>	<u>3,325</u>	<u>165</u>	<u>159</u>	<u>3,512</u>	<u>3,484</u>	<u>0.80%</u>
Change in net assets	<u>302</u>	<u>218</u>	<u>26</u>	<u>13</u>	<u>328</u>	<u>231</u>	<u>41.99%</u>

Property tax and unrestricted state grants account for 67% of the total revenue. The District's expenses primarily related to instruction and support services, which account for 88% of the total expenses.

## Governmental Activities

Revenues for governmental activities were \$3,649,179 and expenses were \$3,346,736.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

**Figure A-5**  
**Total and Net Cost of Governmental Activities**  
**(Expressed in Thousands)**

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-2007	2007	2006	Change 2006-2007
	\$	\$		\$	\$	
Instruction	2,370	2,294	3.31%	1,866	1,798	3.78%
Support Services	705	740	-4.73%	675	719	-6.12%
Noninstructional	1	1	0.00%	1	1	0.00%
Other expenses	271	290	-6.55%	121	(30)	-503.33%
Totals	<u>3,347</u>	<u>3,325</u>	<u>0.66%</u>	<u>2,663</u>	<u>2,488</u>	<u>7.03%</u>

- The cost financed by users of the District's programs was \$105,501.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$313,548.
- The net cost of governmental activities was financed with \$1,126,383 in property tax, \$1,422,889 in state foundation aid, and \$24,761 in interest income.

## PROPRIETARY-TYPE FUNDS

Revenues for the District's School Nutrition Fund were \$171,917 and expenses were \$158,603. The revenues include charges for services, contributions, and federal and state reimbursements.

## INDIVIDUAL FUND FINANCIAL ANALYSIS

The Clarksville Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the fiscal year, its governmental funds reported a combined fund balance of \$2,291,676, which is 16 percent more than last year's ending fund balance of \$1,989,233.

## Governmental Fund Highlights

Several factors contributed to the decrease of the fund balance in the District's governmental funds. Some of these factors were unexpected; some were deliberately planned.

- The District received revenues of \$201,092 from the School Infrastructure Local Option Sales Tax, a new program passed by Butler county voters in February 2007 and will extend until 2024.
- The District made its final repayment of state aid for the enrollment miscount of students on the Certified Enrollments in September 1999 and September 2000, resulting in a reduction of \$28,570 on General Fund revenues.
- To lower property tax levies, the District used \$164,000 of the School Infrastructure Local Option Sales Tax for Debt Service Fund.

## **Proprietary Fund Highlights**

School Nutrition Fund net assets increased from \$31,518 at June 30, 2006 to \$56,506 at June 30, 2007.

## **BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

It is the District's practice, as is in most Iowa school district, to budget expenditures at or about the maximum authorized spending. As a result, the District's certified budget should always exceed the actual expenditures for the year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The District has invested more than \$4.2 million by the end of fiscal year 2007 in a broad range of capital assets, including school buildings, athletic facilities, kitchen, computers and audio-visual equipment, maintenance equipment, school buses and other vehicles, library holdings, and textbooks. Total depreciation expenses for the year exceeded \$109,000.

### **Long-Term Debt**

The District had \$320,000 in general obligation, revenue and other long-term debt outstanding June 30, 2007. This represents a decrease of \$150,000 from last year.

The District had total outstanding bonded indebtedness on June 30, 2007, of \$320,000. The principal and interest on the bonds will be paid in full by June 1, 2009. The District makes principal and interest payments annually on these bonds using property tax dollars obtained through a debt service levy specifically for these bonds.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The District projects that its enrollment will be stable over the next five years. Birth rates in Clarksville District have been consistent for the past fifteen years. The District's enrollment increased by 19.5 students from September 2006 to September 2007.
- In February 2007, the voters of Butler County approved extending the School Infrastructure Local Option Sales Tax until 2024, which will provide funds for property tax reduction and school infrastructure projects affecting the Physical Plant and Equipment Levy Fund, Capital Projects, and Debt Service Funds of the District.
- The District's total taxable valuation increased 5.2%, \$3,225,310, for the 2007-2008 school year.
- In June 2009, the District will complete its payment of its bonded indebtedness for the high school gymnasium additions. This will eliminate the need for the Debt Service Levy.
- The District will continue to be required to comply with unfunded and under funded mandates from the federal and state governments such as the federal "No Child Left Behind Act" and the state "Student Achievement and Teacher Quality Initiative". This will require the District to find ways to provide services in the areas of assessment and professional development, which will divert funds from other student service areas.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Shellee Bartlett, District Secretary/Treasurer and Business Manager, Clarksville Community School District, 318 N Mather, Clarksville, Iowa 50619.

## Basic Financial Statements

## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2007

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Assets</b>			
Cash	299,253	21,130	320,383
ISCAP investments	215,659	-	215,659
Receivables:			
Property tax:			
Current year	75,582	-	75,582
Succeeding year	1,118,079	-	1,118,079
Income surtax - succeeding year	160,974	-	160,974
Due from other governments	106,031	-	106,031
Other receivables	-	10,338	10,338
ISCAP accrued interest receivable	64	-	64
Inventories	-	8,443	8,443
Capital assets, net of accumulated depreciation	1,979,415	16,596	1,996,011
<b>Total assets</b>	<b>3,955,057</b>	<b>56,507</b>	<b>4,011,564</b>
<b>Liabilities</b>			
Accounts payable	6,406	2,117	8,523
Accrued interest payable	1,240	-	1,240
ISCAP warrants payable	216,000	-	216,000
ISCAP unamortized premium	1,603	-	1,603
ISCAP accrued interest payable	53	-	53
Deferred revenue:			
Succeeding year property tax	1,118,079	-	1,118,079
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	155,000	-	155,000
Portion due after one year:			
General obligation bonds payable	165,000	-	165,000
<b>Total liabilities</b>	<b>1,663,381</b>	<b>2,117</b>	<b>1,665,498</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	1,659,415	16,596	1,676,011
Restricted for:			
Management levy	32,573	-	32,573
Physical plant and equipment levy	114,594	-	114,594
Debt service	1,963	-	1,963
Capital projects	226,630	-	226,630
Unrestricted	256,501	37,794	294,295
<b>Total net assets</b>	<b>2,291,676</b>	<b>54,390</b>	<b>2,346,066</b>

See notes to financial statements.



CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grant, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Expenses	\$	\$	\$	\$	\$	\$
2,369,658	83,422	420,032	-	(1,866,204)	-	(1,866,204)
<b>Functions/Programs</b>						
Governmental activities:						
Instruction:						
Support services:						
Student services	17,759	-	-	(17,759)	-	(17,759)
Instructional staff services	64,119	-	-	(64,119)	-	(64,119)
Administration services	338,570	-	-	(338,570)	-	(338,570)
Operation and maintenance of plant services	201,707	6,985	-	(194,722)	-	(194,722)
Transportation services	82,206	-	-	(60,127)	-	(60,127)
	704,361	6,985	-	(675,297)	-	(675,297)
Non-instructional programs:						
Food service operations	1,492	-	-	(1,492)	-	(1,492)
Other expenditures:						
AEA flowthrough	114,756	114,756	-	-	-	-
Long-term debt interest and services	21,541	199	-	(21,342)	-	(21,342)
Facilities acquisition and construction	35,117	10,387	24,637	(93)	-	(93)
Depreciation (unallocated)*	99,811	-	-	(99,811)	-	(99,811)
	271,225	125,342	24,637	(121,246)	-	(121,246)
Total governmental activities	3,346,736	552,359	24,637	(2,664,239)	-	(2,664,239)

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2007

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grant, Contributions and Restricted Interest	Governmental Activities	Business Type Activities
Expenses	\$	\$		\$	\$
Business type activities:					
Non-instructional programs:					
Nutrition services	165,291	100,575	-	-	26,004
Total	3,512,027	652,934	24,637	(2,664,239)	26,004
					(2,638,235)
General revenues:					
Property tax levied for:					
General purposes				1,015,758	-
Management levy				70,194	-
Debt service				12,145	-
Capital outlay				28,286	-
Income surtax:					
General purposes				126,680	-
Capital outlay				63,992	-
School infrastructure local option sales tax				201,092	-
Unrestricted state grants				1,422,889	-
Unrestricted investment earnings				24,761	-
Other				885	-
Total general revenue				2,966,682	-
Change in net assets					2,966,682
Net assets beginning of year				302,443	26,004
				1,989,233	28,386
Net assets end of year				2,291,676	54,390
					2,346,066

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to financial statements.

## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2007

**Assets**

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
	\$	\$	\$	\$	\$
Cash	37,968	137,570	2,954	120,761	299,253
ISCAP investments	215,659				215,659
Receivables:					
Property tax:					
Current year	48,678	-	249	26,655	75,582
Succeeding year	985,918	-	10,285	121,876	1,118,079
Income surtax - succeeding year	111,013	-	-	49,961	160,974
Due from other governments	16,971	89,060	-	-	106,031
Other receivables	-	-	-	-	-
ISCPA accrued interest receivable	64	-	-	-	64
<b>Total assets</b>	<u>1,416,271</u>	<u>226,630</u>	<u>13,488</u>	<u>319,253</u>	<u>1,975,642</u>

**Liabilities and Fund Balances**

Liabilities:					
Accounts payable	6,406	-	-	-	6,406
ISCAP warrants payable	216,000	-	-	-	216,000
ISCAP unamortized premium	1,603	-	-	-	1,603
ISCAP accrued interest payable	53	-	-	-	53
Deferred revenue:					
Succeeding year property tax	985,918	-	10,285	121,876	1,118,079
Succeeding year income surtax	111,013	-	-	49,961	160,974
Total liabilities	<u>1,320,993</u>	<u>-</u>	<u>10,285</u>	<u>171,837</u>	<u>1,503,115</u>
Fund balances:					
Reserved for debt service	-	-	3,203	-	3,203
Reserved for capital projects	-	226,630	-	-	226,630
Unreserved	95,278	-	-	147,416	242,694
Total fund balances	<u>95,278</u>	<u>226,630</u>	<u>3,203</u>	<u>147,416</u>	<u>472,527</u>
<b>Total liabilities and fund balances</b>	<u>1,416,271</u>	<u>226,630</u>	<u>13,488</u>	<u>319,253</u>	<u>1,975,642</u>

## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

June 30, 2007

<b>Total fund balances of governmental funds (Exhibit C)</b>	\$ 472,527
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>	
Income surtax receivable at June 30, 2007 is not recognized as income until received in the governmental funds, however it is shown as a revenue in the Statement of Net Assets.	160,974
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,979,415
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(1,240)
Long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	<u>(320,000)</u>
<b>Net assets of governmental activities (Exhibit A)</b>	<u>\$ 2,291,676</u>

See notes to financial statements.

## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Fund Types

Year ended June 30, 2007

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources					
Local tax	1,132,667	201,092	12,145	156,926	1,502,830
Tuition	72,100	-	-	-	72,100
Other	78,722	10,387	187	118,443	207,739
State sources	1,714,074	-	12	98	1,714,184
Federal sources	112,372	-	-	24,637	137,009
Total revenues	3,109,935	211,479	12,344	300,104	3,633,862
Expenditures:					
Current:					
Instruction	2,255,203	-	-	114,455	2,369,658
Support services:					
Student services	17,759	-	-	-	17,759
Instructional staff services	48,500	-	-	15,619	64,119
Administration services	332,781	-	-	5,789	338,570
Operation and maintenance of plant services	200,877	990	-	41,788	243,655
Transportation services	71,505	19,990	-	3,516	95,011
	671,422	20,980	-	66,712	759,114
Non-instructional programs:					
Food service operations	-	-	-	1,492	1,492

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Fund Types

Year ended June 30, 2007

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
	\$	\$	\$	\$	\$
Other expenditures:					
AEA flowthrough	114,756	-	-	-	114,756
Long-term debt:					
Principal	-	-	154,000	-	154,000
Interest	-	-	21,710	-	21,710
Services	-	-	400	-	400
Facilities acquisition and construction	-	-	-	35,117	35,117
	114,756	-	176,110	35,117	325,983
Total expenditures	3,041,381	20,980	176,110	217,776	3,456,247
Excess (deficiency) of revenues over (under) expenditures	68,554	190,499	(163,766)	82,328	177,615
Other financing sources(uses):					
Operating transfers in	-	-	164,000	-	164,000
Operating transfers out	-	(160,000)	-	(4,000)	(164,000)
	-	(160,000)	164,000	(4,000)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	68,554	30,499	234	78,328	177,615
Fund balances beginning of year	26,724	196,131	2,969	69,088	294,912
Fund balances end of year	95,278	226,630	3,203	147,416	472,527

See notes to financial statements.

## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Governmental Funds  
 to the Statement of Activities

Year ended June 30, 2007

**Net change in fund balances - total governmental funds (Exhibit E)** \$ 177,615

**Amounts reported for governmental activities in the  
 statement of activities are different because:**

Income surtaxes not collected for several months after the District's  
 fiscal year ends are not considered "available" revenues in the  
 governmental funds and are included as deferred revenues. They are,  
 however, recorded as revenues in the statement of activities 15,317

Capital outlays to purchase or build capital assets are reported in  
 governmental funds as expenditures. However, those costs are  
 reported in the Statement of Net Assets and are allocated over their  
 estimated useful lives as depreciation expense in the Statement of  
 Activities. The amounts of capital outlays and depreciation expense  
 in the year are as follows:

Capital outlays	61,938
Depreciation expense	(106,996)

Repayment of long-term liabilities is an expenditure in the governmental  
 funds, but the repayment reduces long-term liabilities in the Statement  
 of Net Assets. 154,000

Interest on long-term debt in the Statement of Activities differs from  
 the amount reported in the governmental funds because interest is  
 recorded as an expenditure in the funds when due. In the Statement  
 of Activities, interest expense is recognized as the interest accrues,  
 regardless of when it is due. 569

**Change in net assets of governmental activities (Exhibit B)** \$ 302,443

## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund

Year ended June 30, 2007

	School Nutrition
	<u>\$</u>
Operating revenue:	
Local sources:	
Charges for services	<u>90,720</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	55,063
Benefits	7,315
Services	2,855
Supplies	97,921
Depreciation	<u>2,137</u>
Total operating expenses	<u>165,291</u>
Operating (loss)	<u>(74,571)</u>
Non-operating revenues:	
State sources	2,105
Federal sources	98,050
Interest income	<u>420</u>
	<u>100,575</u>
Changes in net assets	26,004
Net assets beginning of year	<u>28,386</u>
Net assets end of year	<u><u>54,390</u></u>

See notes to financial statements.



## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2007

	School Nutrition
	\$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	84,204
Cash payments to employees for services	(62,378)
Cash payments to suppliers for goods or services	(91,255)
Net cash (used in) operating activities	(69,429)
Cash flows from non-capital financing activities:	
State grants received	2,105
Federal grants received	85,322
Net cash provided by non-capital financing activities	87,427
Cash flows from capital financing activities:	
Acquisition of capital assets	(14,458)
Cash flows from investing activities:	
Interest on investments	337
Net (increase) in cash and cash equivalents	3,877
Cash and cash equivalents beginning of year	9,781
Cash and cash equivalents end of year	13,658
<b>Reconciliation of operating income (loss) to net cash used in operating activities:</b>	
Operating (loss)	(74,571)
Adjustments to reconcile operating profit (loss) to net cash provided by (used in) operating activities:	
Depreciation	2,137
Commodities used	12,728
(Increase) in other receivables	(6,516)
(Increase) in inventory	(2,192)
(Decrease) in accounts payable	(1,015)
	(69,429)
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:</b>	
Current assets:	
Cash	13,658

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2007, the District received federal commodities valued at \$12,728.

See notes to financial statements.

## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2007

	Private Purpose Trusts
	<u>Scholarships</u>
	\$
<b>Assets</b>	
Cash	<u>58,188</u>
<b>Total assets</b>	<u>58,188</u>
<b>Net Assets</b>	
Reserved for scholarships	<u>58,188</u>
<b>Total net assets</b>	<u><u>58,188</u></u>

See notes to financial statements.

## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2007

	Private Purpose Trusts <u>Scholarships</u> \$
Additions:	
Local sources:	
Miscellaneous	<u>3,532</u>
Total additions	<u>3,532</u>
Deductions:	
Support services:	
Scholarships	<u>4,300</u>
Total deductions	<u>4,300</u>
Change in net assets	(768)
Net assets beginning of year	<u>58,956</u>
Net assets end of year	<u>58,188</u>

See notes to financial statements.

# CLARKSVILLE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2007

### (1) Summary of Significant Accounting Policies

Clarksville Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors summer recreational activities. The geographic area served includes the City of Clarksville, Iowa, and agricultural area in Butler County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Clarksville Community School District has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Clarksville Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Butler County Assessor Conference Board.

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets*, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is used to account for the payment of interest and principal on the District's long-term debt.

The Capital Projects Fund is used to account for funds raised by the one cent School Infrastructure Local Option Sales Tax. These funds are being used for debt retirement and infrastructure expenses.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Funds are used to account for assets held by the District under trust agreements which require income earned to be used for scholarship payments.

#### C. Measurement Focus and Basis of Accounting

The government-wide and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sale and services. Operating expenses for Enterprise Funds include the cost of sale and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statement of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking the budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and for government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	10,000
Other furniture and equipment	10,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2007.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Expenditures did not exceed the amounts budgeted in any of the four functions.

#### (2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2007.

#### (3) **Capital Assets**

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 9,505	-	-	9,505
Capital assets being depreciated:				
Land improvements	50,557	-	-	50,557
Buildings	3,646,058	27,109	-	3,673,167
Machinery and equipment	407,007	34,829	-	441,836
Total capital assets being depreciated	4,103,622	61,938	-	4,165,560
Less accumulated depreciation for:				
Land improvements	41,640	989	-	42,629
Buildings	1,709,620	80,833	-	1,790,453
Machinery and equipment	337,394	25,174	-	362,568
Total accumulated depreciation	2,088,654	106,996	-	2,195,650
Total capital assets being depreciated, net	2,014,968	(45,058)	-	1,969,910
Governmental activities, capital assets, net	2,024,473	(45,058)	-	1,979,415



	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Business type activities:</b>				
Furniture and equipment	34,692	14,458	-	49,150
Less accumulated depreciation	<u>30,417</u>	<u>2,137</u>	<u>-</u>	<u>32,554</u>
Business type activities capital assets, net	<u>\$ 4,275</u>	<u>12,321</u>	<u>-</u>	<u>16,596</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Support services:

Transportation

Unallocated

7,185  
99,811  
\$ 106,996

Business Type activities:

Food service operations

\$ 2,137

#### (4) Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2008	4.60%	\$155,000	14,885	169,885
2009	4.70	<u>165,000</u>	<u>7,755</u>	<u>172,755</u>
Total		<u>\$320,000</u>	<u>22,640</u>	<u>342,640</u>

#### (5) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$114,756 for year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

#### (6) Risk Management

Clarksville Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(7) Changes in Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2007 are summarized as follows:

	<u>General Obligation Bonds</u>	<u>Van Note Payable</u>	<u>Total</u>
Balance beginning of year	\$470,000	4,000	474,000
Additions	-	-	-
Reductions	<u>150,000</u>	<u>4,000</u>	<u>154,000</u>
Balance end of year	<u>\$320,000</u>	<u>-</u>	<u>320,000</u>

**(8) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$98,361, \$93,903, and \$91,345 respectively, equal to the required contributions for each year.

**(9) Van Note Payable**

The District purchased a 2001 Ford Van during the year ending June 30, 2002. The amount borrowed was \$20,000 and will be paid in 5 equal installments of \$4,000. The final payment was made in fiscal 2007.

**(10) Interfund Transfers**

The detail of Interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$160,000
	Special Revenue:	
	Physical Plant and Equipment Levy	<u>4,000</u>
		<u>\$164,000</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**Required Supplementary Information**

**CLARKSVILLE COMMUNITY SCHOOL DISTRICT**

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2007

	Governmental Fund Types	Proprietary Fund Type	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance -
	\$	\$	\$	\$	\$	\$
<b>Revenues:</b>						
Local sources	1,782,669	91,140	1,873,809	1,775,698	1,775,698	98,111
State sources	1,714,184	2,105	1,716,289	1,703,468	1,703,468	12,821
Federal sources	137,009	98,050	235,059	219,000	219,000	16,059
Total revenues	3,633,862	191,295	3,825,157	3,698,166	3,698,166	126,991
<b>Expenditures:</b>						
Instruction	2,369,658	-	2,369,658	2,331,575	2,374,748	5,090
Support services	759,114	-	759,114	847,675	868,867	109,753
Non-instructional programs	1,492	165,291	166,783	162,500	176,749	9,966
Other expenditures	325,983	-	325,983	367,371	367,371	41,388
Total expenditures	3,456,247	165,291	3,621,538	3,709,121	3,787,735	166,197
Excess (deficiency) of revenues over (under) expenditures	177,615	26,004	203,619	(10,955)	(89,569)	293,188
Other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	177,615	26,004	203,619	(10,955)	(89,569)	293,188
Balance beginning of year	294,912	28,386	323,298	349,068	349,068	(25,770)
Balance end of year	472,527	54,390	526,917	338,113	259,499	267,418

See accompanying independent auditor's report.

## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

### Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$78,614.

During the year ended June 30, 2007, expenditures did not exceed the amount budgeted in any of the four functions. The District did not exceed the General Fund unspent authorized budget.

**Other Supplementary Information**

## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Special Revenue Funds

June 30, 2007

	Management	Student Activity	Physical Plant and Equipment Levy	Total
	\$	\$	\$	\$
<b>Assets</b>				
Cash	31,135	50,210	39,416	120,761
Property tax receivable:				
Current year	1,438	-	25,217	26,655
Succeeding year	76,206	-	45,670	121,876
Income surtax	-	-	49,961	49,961
<b>Total assets</b>	<u>108,779</u>	<u>50,210</u>	<u>160,264</u>	<u>319,253</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	76,206	-	45,670	121,876
Succeeding year income surtax	-	-	49,961	49,961
	<u>76,206</u>	<u>-</u>	<u>95,631</u>	<u>171,837</u>
Unreserved fund balances	<u>32,573</u>	<u>50,210</u>	<u>64,633</u>	<u>147,416</u>
<b>Total liabilities and fund balances</b>	<u>108,779</u>	<u>50,210</u>	<u>160,264</u>	<u>319,253</u>

See accompanying independent auditor's report.

## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Special Revenue Funds

Year ended June 30, 2007

	Management	Student Activity	Physical Plant and Equipment Levy	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	70,194	-	86,732	156,926
Other	5,943	111,556	944	118,443
State sources	70	-	28	98
Federal sources	-	-	24,637	24,637
Total revenues	<u>76,207</u>	<u>111,556</u>	<u>112,341</u>	<u>300,104</u>
Expenditures:				
Instruction:	10,259	104,196	-	114,455
Support services:				
Instructional support services	-	-	15,619	15,619
Administration services	5,789	-	-	5,789
Plant operation and maintenance	39,055	-	2,733	41,788
Student transportation	3,516	-	-	3,516
Non-instructional programs:				
Food service operations	1,492	-	-	1,492
Other expenditures:				
Facility acquisition and construction services	-	-	35,117	35,117
Total expenditures	<u>60,111</u>	<u>104,196</u>	<u>53,469</u>	<u>217,776</u>
Excess (deficiency) of revenues over (under) expenditures	16,096	7,360	58,872	82,328
Other financing (uses):				
Operating transfers out	-	-	(4,000)	(4,000)
Excess (deficiency) of revenues over (under) expenditures and financing uses	16,096	7,360	54,872	78,328
Fund balances beginning of year	<u>16,477</u>	<u>42,850</u>	<u>9,761</u>	<u>69,088</u>
Balance end of year	<u>32,573</u>	<u>50,210</u>	<u>64,633</u>	<u>147,416</u>

See accompanying independent auditor's report.



## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Interest	2,848	4,953	837	6,964
Athletics	710	28,252	25,852	3,110
Athletics Clearing	-	12,126	10,961	1,165
Get a Grip	374	-	-	374
School Store	3,484	4,158	3,535	4,107
Jump Rope for Heart	134	-	-	134
Special Donations	1,357	457	120	1,694
JH Magazines	8,725	4,297	7,692	5,330
Elementary Projects	-	4,991	3,155	1,836
JH Student Council	589	209	-	798
SH Student Council	4,861	5,155	6,275	3,741
Cheerleaders	582	3,369	3,326	625
Instrumental Music	1,697	9,245	10,610	332
Vocal Music	1,037	3,854	4,441	450
Music Fundraiser/Trip	-	1,005	-	1,005
Drill Team	21	2,096	1,717	400
National Honor Society	1,725	1,094	929	1,890
Spanish Club	4,010	3,928	2,860	5,078
Drama/Speech	985	601	917	669
Yearbook	3,249	5,199	5,161	3,287
Home Economics	509	467	474	502
Industrial Technology	260	289	199	350
Senior Class	2,716	611	960	2,367
Junior Class	326	10,784	10,515	595
Sophomore Class	319	290	354	255
Freshman Class	155	100	167	88
8th Grade Class	-	88	88	-
7th Grade Class	-	-	-	-
Special Clearing	-	2,854	2,854	-
Recycling Project	2,061	1,084	197	2,948
JH Math	116	-	-	116
Total	42,850	111,556	104,196	50,210

See accompanying independent auditor's report.

## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Private Purpose Trusts

Year ended June 30, 2007

Account	Balance Beginning of Year \$	Revenues \$	Expenditures \$	Balance End of Year \$
Asher Scholarship	12,476	638	500	12,614
Weinberg Scholarship	35,877	1,820	2,000	35,697
Winkey Scholarship	6,891	351	300	6,942
Eslinger Scholarship	2,707	385	500	2,592
Herrera Scholarship	1,005	38	1,000	43
Clarksville Alumni	-	300	-	300
Total	<u>58,956</u>	<u>3,532</u>	<u>4,300</u>	<u>58,188</u>

See accompanying independent auditor's report.

## CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	1,502,830	1,380,329	1,347,315	1,302,884
Tuition	72,100	95,152	86,628	115,871
Other	207,739	215,024	155,200	146,862
State sources	1,714,184	1,544,051	1,570,049	1,474,177
Federal sources	137,009	289,141	124,031	247,513
Total	<u>3,633,862</u>	<u>3,523,697</u>	<u>3,283,223</u>	<u>3,287,307</u>
Expenditures:				
Instruction	2,369,658	2,293,561	2,203,668	2,225,277
Support services:				
Student	17,759	1,237	34,192	25,466
Instructional staff	64,119	91,556	62,007	40,261
Administration	338,570	335,300	413,221	360,814
Operation and maintenance of plant	243,655	262,646	208,781	222,050
Transportation	95,011	75,843	71,999	75,741
Non-instructional programs	1,492	1,495	1,441	1,636
Other expenditures:				
Facilities acquisition	35,117	255,319	100,500	193,176
Debt service:				
Principal	154,000	144,000	139,000	130,000
Interest and services	22,110	28,010	34,085	39,935
AEA flowthrough	114,756	109,443	110,505	111,114
Total	<u>3,456,247</u>	<u>3,598,410</u>	<u>3,379,399</u>	<u>3,425,470</u>

See accompanying independent auditor's report.

# BRUCE D. FRINK

Certified Public Accountant

**Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

To the Board of Education of the  
Clarksville Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clarksville Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 23, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Clarksville Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Clarksville Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clarksville Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Clarksville Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Clarksville Community School District's financial statements that is more than inconsequential will not be prevented or detected by Clarksville Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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- Iowa Society of Certified Public Accountants

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items 07-I-A and 07-I-B are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clarksville Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. We noted no instances of non-compliance or other matters to be described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Clarksville Community School District's response to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Clarksville Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clarksville Community School District and other parties to whom Clarksville Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Clarksville Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Bruce D. Frink*

**BRUCE D. FRINK**  
**Certified Public Accountant**

January 23, 2008

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2007

**Part I: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

07-I-A SEGREGATION OF DUTIES

Comment - During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District's financial statements. We noted that one individual has custody of receipts and performs all record-keeping and reconciling functions for the office.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response - We will review procedures and investigate available alternatives.

Conclusion - Response acknowledged.

07-I-B CHECK SIGNATURES

Comment - We noted that all checks are signed using printer capabilities that have imprinted the board president and board secretaries signatures on all checks. The board secretary is currently the person capable of operating this function as designed.

Recommendation - In connection with 07-I-A we recommend that a signature method be used that requires the board president or their designated representative to be part of the process.

Response - We will review procedures and investigate available alternatives.

Conclusion - Response acknowledged.

**Part II: Other Findings Related to Required Statutory Reporting:**

07-II-A Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2007.

07-II-B Certified Budget - Expenditures for the year ended June 30, 2007, did not exceed the amended certified budget amount in any of the four functions.

07-II-C Questionable Disbursements - We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2007

**Part II: Other Findings Related to Required Statutory Reporting:**  
**(continued):**

- 07-II-D      Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 07-II-E      Business Transactions - No business transactions between the District and District officials or employees were noted.
- 07-II-F      Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 07-II-G      Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- 07-II-H      Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- 07-II-I      Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- 07-II-J      Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.